

Royal Canadian Ventures Ltd.

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Royal Canadian Ventures Ltd. (hereinafter called "the Company") of proxies to be used at the Annual and Special General Meeting of the Shareholders of the Company to be held at the offices of the Company, 210, 736 - 8th Avenue S.W., Calgary, Alberta, on Wednesday, the 24th day of February, A.D. 1971 at the hour of 3:00 o'clock in the afternoon (M.S.T.) for the purposes set forth in the notice of meeting accompanying this information circular. The costs incurred in the preparation and mailing of both the proxies and this information circular will be borne by the Company and this solicitation is confined to the mailing of this information to registered shareholders. The information contained herein is given as of the date of the accompanying notice of meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Directors of the Company. **The person or company submitting the proxy shall have the right to appoint a person to represent him or it at the meeting other than the person or persons designated in the form of proxy as submitted by the Company and such appointment may be exercised by the deletion or striking out of the persons so designated and inserting in the blank space provided in the proxy the name of the appointed representative, such deletion or striking out to be initialled by the person or officers signing such proxy.**

Any person or company giving such proxy shall have the power to revoke such proxy at any time prior to the meeting providing such revocation is unconditional and signed and deposited with the secretary of the Company or the scrutineers at or prior to the commencement of the said meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, it is intended that such shares will be voted for the approval of the Special Resolution of the Shareholders of the Company set forth under that heading in this circular, for the approval of the resolution to approve the Employee Stock Option Plan set forth under that heading in this circular, for the election of Directors as stated under that heading in this circular and for the appointment of auditors as stated under that heading in this circular.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting, provided that the Company is not aware, a reasonable time prior to the time this solicitation is made, that any such amendments, variations or other matters are to be presented for action at the meeting. At the time of printing this information circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

On the date of the accompanying notice of meeting the Company had outstanding 4,400,723 common shares without nominal or par value, the holders of which are entitled to one vote for each such share registered in their name. Holders of common shares of record at the time and date of the meeting are entitled to vote at the meeting. The register of transfers will not be closed.

Dynamic Petroleum Products Ltd. is the beneficial owner of 1,700,000 shares and Mill City Petroleums Limited is the beneficial owner of 792,000 shares, representing in the aggregate 57% of the issued and outstanding shares of the Company.

ELECTION OF DIRECTORS

The following are the names of the persons for whom it is intended that votes will be cast for their election as Directors pursuant to the proxy which is hereby solicited: Frank Brown, Robert Clive Brown and Archibald P. Newall, Jr. The term of office for each Director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed.

Information Concerning Nominees As Directors

Name	Year First Became a Director	Shares of the Company Beneficially Owned
Frank Brown	1960	58,667
Archibald P. Newall, Jr.	1960	9,667
Robert Clive Brown	1960	45,726

The above named nominees during the past five years have been Directors and/or Officers of associated companies, Mill City Petroleums Limited and Dynamic Petroleum Products Ltd. Archibald P. Newall, Jr. is President of the Company, Frank Brown is Vice-President and Robert Clive Brown is Secretary-Treasurer.

According to information furnished by the respective Directors individually, they are collectively the beneficial owners of 20,019 shares of the capital stock of Mill City Petroleums Limited and they are collectively the beneficial owners of 1,425,941 shares of the capital stock of Dynamic Petroleum Products Ltd.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company bears a portion of the total remuneration paid to its Directors and Senior Officers who are paid by an associated company. The amount of such remuneration allocated to the Company during the year amounted to \$12,820 and in addition, the sum of \$844 was allocated to cover pension or retirement benefits. These amounts are included in administrative and general expense in the Company's financial statements.

OPTIONS

The Directors of the following companies, namely, Mill City Petroleum Limited, Dynamic Petroleum Products Ltd., Crusade Petroleum Corporation Limited, Dynalta Oil & Gas Co. Ltd., Royal Canadian Ventures Ltd., Permo Gas & Oil Limited, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited ("the Dynamic Group of Companies"), by resolutions passed the 13th day of October and the 17th day of November, 1970, implemented a joint Employee Stock Option Plan ("the plan") as an incentive to, and for the benefit of, their common full-time employees, subject to the approval of the Stock Exchanges on which the shares of the Dynamic Group of Companies are listed and any necessary approval of shareholders. The subject plan provides, among other things, as follows:

- (a) Each employee will have the opportunity to participate in the plan, as of June 10, 1970 ("the effective date") and be granted an option to purchase over a period of five years a number of shares of each company arrived at pursuant to the following formula:
- | | | | |
|---|---|--|--|
| employee's annual salary
on effective date | | | |
| _____ | X | 1% of the total of each company's
issued and outstanding common
shares on effective date | |
| total annual salaries of
all employees on effective date | | | |
- (b) As of the effective date, the purchase price per optioned share of the Company is established at \$0.57. During the 30-day period preceding the effective date, the price range was \$0.70 - \$1.21. Subject to the provisions of the plan, the price per optioned share under any option agreement entered into with a new employee shall be determined in accordance with the rules and regulations of the Toronto Stock Exchange prevailing at the time.
- (c) The Company has reserved 44,007 shares of the capital stock of the Company (being a number equal to 1% of its presently issued and outstanding common shares) for issuance from time to time to present employees upon exercise of options granted to them and for issuance to future employees to whom options are granted, pursuant to the terms and conditions of the plan.
- (d) Future employees will only be able to participate in the plan, on a basis comparable to present employees, to the extent that shares become available from time to time from options granted to present employees by reason of terminations of employment or otherwise and providing the total number of shares reserved for all purposes of the plan does not at any time exceed 44,007 shares.

If the aforesaid Employee Stock Option Plan is approved by the shareholders of the Company, options aggregating 10,053 shares will be granted to Directors and Senior Officers of the Company.

RESOLUTION TO APPROVE EMPLOYEE STOCK OPTION PLAN

In order to approve the plan referred to above under the heading "Options", the shareholders of the Company will be asked to consider and, if thought fit to pass, with such amendments if any as may be approved, the following resolution:

"BE IT RESOLVED that the Employee Stock Option Plan implemented by the Directors of the Company pursuant to resolutions passed the 13th day of October, 1970 and the 17th day of November, 1970 and the granting of options pursuant thereto not to exceed in the aggregate 44,007 common shares of the capital stock of the Company, be and the same is hereby ratified, approved and confirmed."

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the reappointment of Peat, Marwick, Mitchell & Co., Chartered Accountants, Calgary, Alberta, the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders. The said auditors have been auditors for the Company since the year 1959.

SPECIAL RESOLUTION

The Articles of Association of the Company provide:

- (a) In Article 25, that if any share certificate be worn out, lost, stolen, defaced or destroyed, it may be renewed on payment of fifty (50c) cents or such lesser sum as the Board may prescribe; and
- (b) In Article 43, that a fee not exceeding fifty (50c) cents may be charged for each transfer of shares and shall be paid before the registration thereof.

With regard to the foregoing it is intended that the designees named in the proxy form submitted by the Company will vote shares represented by such proxies, if not expressly provided to the contrary in such proxy, for the approval of the following Special Resolution of the Shareholders of the Company.

"WHEREAS it is expedient to change certain of the Articles of Association of the Company in the manner hereinafter set forth.

NOW, THEREFORE, BE IT RESOLVED as a Special Resolution of the Shareholders of the Company that:

- (1) Wherever the words and figures 'fifty (50c) cents' appear in Article 25 of the Articles of Association of the Company the same shall be and be deemed to be replaced by the words and figures 'one dollar (\$1.00)'.
(2) Wherever the words and figures 'fifty (50c) cents' appear in Article 43 of the Articles of Association of the Company the same shall be and be deemed to be replaced by the words and figures 'one dollar and twenty-five cents (\$1.25)'."

BY ORDER OF THE BOARD
ROBERT CLIVE BROWN
Secretary-Treasurer

DATED : January 29, 1971